

FISCAL IMPACT STATEMENT ON BILL NO. **H3211**

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TO:	The Honorable Daniel T. "Dan" Cooper, Chairperson, House Ways and Means Committee		
FROM:	Office of State Budget, Budget and Control Board		
ANALYSTS:	Allan Kincaid		
DATE:	March 5, 2007	SBD:	2007191

AUTHOR:	Representative Harrell	PRIMARY CODE CITE:	9-11-29
SUBJECT:	Emergency Medical Services Personnel in Police Officers Retirement System		

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:
See Below

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:
See Below

BILL SUMMARY:

The proposed Bill amends the Code of Laws of South Carolina, 1976, by adding Section 9-11-29 so as to provide that beginning July 1, 2007, emergency medical services personnel employed shall participate in the South Carolina Police Officers Retirement System and to provide definitions applicable to emergency medical services personnel.

EXPLANATION OF IMPACT:

The financial impact of the proposed Bill is based on data collected as of June 30, 2003 by the Retirement System and its former actuary. At the time DHEC identified over 4,000 licensed EMS personnel in the state. Of those, 1,667 EMTs were active within the South Carolina Retirement System (SCRS) while 631 were active members of the PORS. Another 480 EMTs still had an account with the SCRS or PORS but had since terminated employment from a covered employer.

According to the actuary's report at the time (2003 valuation), the primary factor having an actuarial impact relates to the establishment of past service credit for members previously employed in that they would be eligible to receive a higher PORS benefit at an earlier eligibility date. It was estimated that allowing EMTs to participate in PORS with an opportunity to transfer their SCRS service by paying 5% of current compensation for each year transferred and receive benefits after 25 years or age 55 with 5 years, **would increase the unfunded accrued liability (UAAL) of PORS by approximately \$35 million and the amortization period by two years** if there were no change in the employer and/or employee contribution rates to compensate for the increased benefits. As of the most recently completed valuation dated July 1, 2005, the unfunded accrued liability of the PORS was approximately \$399 million with an amortization period of 15 years. When the July 1, 2006 COLA is taken into consideration, the UAAL increased to \$452.9 with a 17 year funding period.

LOCAL GOVERNMENT IMPACT:

None.

SPECIAL NOTES:

Data obtained from the County Association indicates the average salary of a county EMT is approximately \$36,000. Increasing the employer contribution rate to account for participation in PORS (as opposed to the

SCRS) would increase the employer's fringe benefits cost by an average of \$536 per EMT. The impact per EMT could be greater if counties and cities made adjustments to account for changes in the employee's contribution rate. There is no guarantee that increasing the employer and/or employee contribution rates would result in no impact on the unfunded accrued liability or amortization levels without conducting an updated actuarial study. It should also be noted that counties and municipalities may participate in the State Retirement System, but are not required to do so.

Effective July 1, 2007, the base employer contribution rate for retirement is 10.3% for PORS while the employer contribution rate for the SCRS is 9.06%. The Retirement System is also responsible for collecting contributions for group life, accidental death and retiree health insurance surcharge for employers covered under these programs.

Approved by:

A handwritten signature in black ink, appearing to read "Don Addy". The signature is fluid and cursive, with the first name "Don" and last name "Addy" clearly distinguishable.

Don Addy
Assistant Director, Office of State Budget